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SUBJECT: WTO TRADE POLICY REVIEW OF SINGAPORE, JULY 14 AND 16, 2008

¶1. SUMMARY: WTO Members conducted the Trade Policy Review of Singapore on July 14 and 16, 2008. Members expressed appreciation for Singapore's open trade regime and were generally in agreement that Singapore is a model actor in the WTO community. Members encouraged Singapore to bind its remaining unbound tariffs, which currently comprise 30 percent of its schedule. Members also questioned Singapore's market access for certain services sectors, including retail banking, legal services, ports and construction. Members supported Singapore's recent enactment of a national competition law and expressed support for Singapore's progress in shifting government-linked companies to a purely commercial orientation. END SUMMARY.

#### CHAIRMAN'S SUMMARY

¶2. The Chairman of the TPR, Ambassador Mario Matus of Chile, delivered the following statement:

¶3. "The fifth Trade Policy Review of Singapore has given us a much clearer understanding of Singapore's trade policies and practices together with the globalization challenges it faces. I thank Mr. Ravi Menon, Second Permanent Secretary of Ministry of Trade and Industry, and his delegation as well as the Discussant, Ambassador Shinichi Kitajima of Japan and Members of the TPRB for contributing to our informative and constructive exchange of views during these two days. Singapore's response to the large number of questions is much appreciated."

¶4. "Members noted that Singapore continues to be one of the most open and competitive economies in the world. With trade a multiple of GDP, Singapore remains committed to promoting a free, rules-based multilateral trading system. Singapore continues to be a steadfast supporter of an ambitious outcome in the Doha Round; it was commended for its active participation in the NAMA and other negotiating groups and for its efforts to move the negotiations forward. Members also commended Singapore's contribution to the WTO Aid-for-Trade initiative. Some Members shared Singapore's view that WTO-consistent trade liberalization at regional and bilateral levels can form building blocks for the multilateral trading system."

¶5. "Members congratulated Singapore on its strong overall economic performance. Although its high degree of openness risks leaving Singapore vulnerable to periodic external shocks, the economy's flexibility had enabled Singapore to adjust relatively rapidly to these shocks by improving productivity, for example by investing in R&D, and thus contributing to economic growth. Singapore was commended for creating and maintaining a highly competitive business environment in which the unemployment rate has decreased to its lowest level in a decade and inflows of foreign direct investment are substantial. Some Members encouraged Singapore to address the widening of income inequalities."

¶6. "Members noted that the scope of Singapore's tariff bindings remained at around 70% of all lines, and that the bound rates were substantially higher than the MFN applied rates; they urged Singapore to both increase the coverage of its bindings and to lower

bound rates, thus narrowing the discrepancy between its bound and applied rates. Members noted that Singapore's highly computerized and trade-facilitating customs procedures result in substantial benefits to both traders and government agencies. Singapore was also commended for its policy of advocating the adoption of international standards to facilitate market access and enterprise competitiveness."

¶17. "Members also noted the enactment of an economy-wide competition law and expressed interest in Singapore's assessment of the economic impact of the new law as well as of the functioning of the Competition Commission. Members noted the trend towards government linked corporations (GLCs) operating on the same basis as private companies, significant divestments by Temasek, and the enhancement of corporate governance regulation. Some Members noted Singapore's wide-ranging improvements in the protection of intellectual property rights as part of its broader effort to encourage innovation and create a knowledge-based economy."

¶18. "Members also welcomed Singapore's liberalization efforts in financial services, energy, and telecommunications. Some Members encouraged Singapore to further liberalize services, including legal and other professional services, banking, and port services."

¶19. "To conclude, I would again like to thank Singapore's delegation for its efforts in helping us to better understand its trade and trade-related policies and the domestic and international contexts in which they evolve. I would once again also like to thank the Discussant for his insightful comments, and Members for contributing to what has been a very enlightening two days of discussions. As the Discussant stated, Singapore has established a benchmark or a text-book case where the rest of Members will have to follow. We look forward to receiving responses to the remaining outstanding questions within the next month."

#### US STATEMENT

¶10. The representative of the United States, Ambassador Peter Allgeier, delivered the following statement:

¶11. "Thank you, Chair. The United States is pleased to participate in Singapore's fifth Trade Policy Review not only because of Singapore's longstanding support for the multilateral trading system, but also because Singapore is such an important trading partner. The U.S. delegation warmly welcomes Singapore's Mr. Ravi Menon, Second Permanent Secretary in the Ministry of Trade and Industry, and the rest of the visiting Singaporean delegation, as well as Ambassador Karen Tan and the Geneva delegation. I would also thank Ambassador Shinichi Kitajima for his valuable contributions as discussant."

¶12. "The Secretariat's report is as informative and comprehensive as always. The government of Singapore's report reminded us of your commitment to an open trade policy."

¶13. "As we did in 2004, the United States applauds Singapore's demonstrated commitment to opening markets for trade, development, and economic opportunity. Singapore remains one of the most open economies in the world and its consistent efforts to open markets through multilateral, regional, and bilateral initiatives have enhanced its own competitiveness and that of its trading partners. As an open economy, Singapore, according to the government's report, "has not been spared the challenges of globalisation, namely strong competition from low-cost competitors, the transmission of external demand and price shocks into the domestic economy, and increasing wage dispersion and income inequality." But, rather than retreat from competition, Singapore has embraced it by maintaining macroeconomic stability, seeking higher value activities and upgrading workers' skills, capitalizing on opportunities in new growth industries, positioning the economy as a services hub, and investing in research and development. The Secretariat further highlights Singapore's "notable institutional change" to its policy-making structure since its last review. In 2005, the Competition Commission of Singapore was established, thereby improving institutional transparency. As your government report states so well, these reforms "have sharpened Singapore's competitive edge and positioned it well to face the challenges posed

by globalisation and seize its opportunities." The principal message for all of us from Singapore's TPR report is that the path to success in the face of globalization is to figure out how to make globalization work for our economies and citizens rather than to pretend one can insulate oneself from these forces."

¶14. "Singapore's deep integration into the global economy has helped it become a prosperous nation, with per capita GDP exceeding US\$35,000 in 2007. In that same year, Singapore's merchandise trade was four times its GDP and inflows of foreign direct investment accounted for the equivalent of one-sixth of GDP. By focusing on private sector-driven R&D and innovation, Singapore's development strategy has continued to shift from emphasis on using technology to creating technology. This strategy is enviable. We wish Singapore success in overcoming any accompanying wage and income challenges."

¶15. "Turning to our bilateral trade and investment relationship, we are proud to point to the United States-Singapore Free Trade Agreement (FTA) as the first comprehensive U.S. FTA with an Asian nation. This FTA has been in force since January 1, 2004."

¶16. "Singapore - U.S. two-way trade in goods totaled \$46 billion in ¶2007. In 2006, the United States was Singapore's second largest export market taking roughly 11.5% of Singapore's exports. In that same year, the United States was also Singapore's second largest supplier with roughly 13 percent of its total imports coming from the United States. Two-way trade in services was \$10.5 billion in ¶2006. U.S. foreign direct investment to Singapore was \$60 billion in 2006, an increase of almost 11 percent from levels in 2005."

¶17. "In addition to our cooperative efforts in the WTO, the United States and Singapore continue to join forces to promote trade and intra-regional integration in Southeast Asia through both APEC and ASEAN. Singapore, as host of APEC 2009, has indicated that it "will seek to maintain the momentum on Regional Economic Integration in APEC." We look forward to our work ahead to achieve APEC's objectives."

¶18. "The United States welcomes Singapore's stance that its trade policy objective is "to promote a free, open, and stable multilateral trading system". We agree wholeheartedly that advancing global trade and investment liberalization and ensuring a strong rules-based multilateral trading system is in Singapore's vital interest and in the interest of the United States. We further agree with the Singapore government that the WTO's rules-based multilateral trading regime has brought greater predictability and security to the conduct of trade among nations. Finally, we share the view that the global trading system benefits from all WTO-consistent efforts to pursue the maximum possible extent of liberalization on the multilateral, regional and bilateral fronts."

¶19. "At the WTO, Singapore continues to be one of the most effective advocates of, and role models for, global trade liberalization. The United States may not agree with Singapore's position on all of the Doha Development Agenda issues. Nonetheless, we applaud Singapore's proactive approach to finding mutually beneficial solutions at pivotal points in the negotiations. Earlier in the negotiations, Minister Yeo urged Members to keep the Doha negotiations on track because they were the best way to reap the benefits of trade liberalization. He also urged Members to show greater respect for one another's positions and find creative ways to accommodate different interests. This is a message well worth recalling as we approach the upcoming meetings of ministers and senior officials."

¶20. "Secretary Menon and Ambassador Tan, we wish you and your team a successful review, and we look forward to further cooperation with Singapore, both here at the WTO and in our bilateral exchanges."

End.

ALLGEIER